


Municipal Employees' Retirement System of Michigan



supports
**sustainable
retirement**

Supports
and
sustains
jobs in
Michigan

Provides
modest,
stable
income
for retirees

Provides
sound
**fiscal
practices**

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The buck stays in Michigan

Supporting and sustaining jobs which fuels Michigan's economy

- The buck stays in Michigan — **91%** of MERS 27,150 retirees remain in the state
- MERS retirees contribute over **\$451 million** annually to Michigan's economy
- Public pensions in Michigan directly – or indirectly – support nearly **57,300 jobs**
- Nearly **250,000** public retirees live in Michigan communities
- Pensions are automatic stabilizers for the economy - Steady income streams result in steady spending; downturns in the market result in retirees holding onto assets and interrupting spending patterns due to uncertainty of the economy

Modest, stable incomes for retirees

Reducing reliance on public assistance

- In 2009, the average pension payment for a MERS retiree was **\$16,991**
- Sustainable retirement means **1.72 million** fewer poor households
- **1.35 million** fewer households receiving means-tested public assistance
- **87%** of Americans believe all workers should have a pension so they can be self-reliant in retirement
- **83%** of Americans are concerned about their ability to achieve a secure retirement
- **51%** of Americans indicate that today's retirement system is worse than the system available to earlier generations
- Older households without retirement income are **6 times** more likely to live in poverty than those with pensions
- A sustainable retirement would save **\$7.3 billion** in public assistance expenditures

MERS helps municipalities with our sound fiscal practices

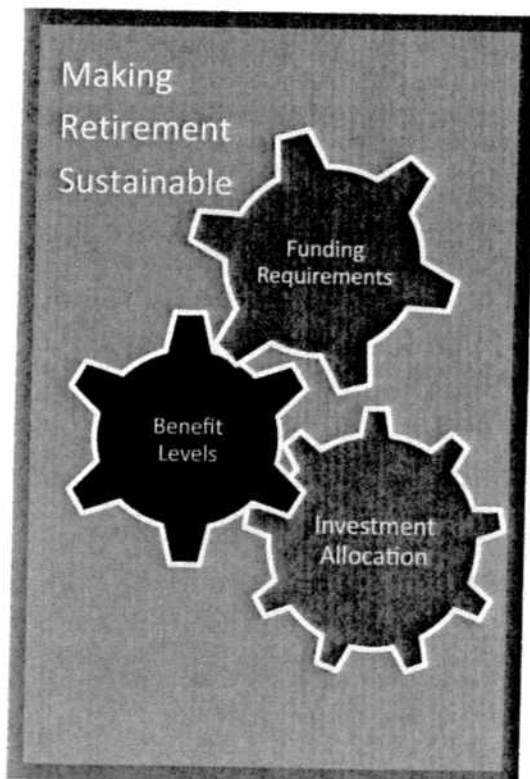
Promoting adequate and sustainable retirements

- **64¢** of every dollar paid in Michigan public pensions comes from investment earnings, not taxpayer dollars. The remaining **36¢** comes from shared contributions between employers and employees.
- MERS long-term returns have **outperformed** stated benchmarks
- MERS enforces measures that **restrict** the spiking of final compensation used for retirement purposes
- A municipality must be **80%** funded in order to increase or change their benefits
- With our large pool of trust assets, we are able to negotiate **lower** administrative costs and investment fees than a single municipality can get on its own.

How to Create Sustainable Retirement Reform Through Fiscal Responsibility

MERS supports Michigan communities by:

- Protecting the long-term financial position of the system
- Protecting benefit levels for retirees so they may remain self-reliant in retirement and positively affect the Michigan economy
- Supporting the rebuilding a financially healthy Michigan
- Promoting viable options and solutions for sustainable retirement for all public workers
- Providing best practices for other retirement systems and the private sector
- Advocating for reform through fiscal responsibility
 - Funding requirements
 - Benefit levels and final average compensation limitations
 - Investment Allocation and structure



About MERS

We are an independent public nonprofit corporation based in Lansing. We are a statewide retirement plan that has partnered with Michigan municipal organizations for more than 65 years, helping them deliver on their promise of a retirement for their employees.

Today, we proudly count more than 85,000 active and retired members in more than 750 municipalities, many of them your friends and family, your neighbors or coworkers. Our members are police officers and pipe fitters, lawyers, librarians and more, located everywhere from Menominee to Marshall, and plenty in between.

Suggested Readings

The Top Ten Advantages of Maintaining Defined Benefit Pensions

National Conference on Public Employee Retirement Systems, May 2007 info@NCPERS.org

"DB plans help sustain state and local economies by providing adequate and steady retirement benefits for a significant portion of the workforce."

Strategists: Don't Cook the DB Goose

Plansponsor, M Barton Waring, Barclays Global Investors and Laurence Siegel and Ford Foundation, www.pionline.com

"Four reasons DB plans are more cost effective and efficient than DC plans"

State and Local Government Defined Benefit Retirement Plans

National Association of State Retirement Administrators, Public Fund Survey of NASRA/NCTR, www.nasra.org, www.nctr.org and U.S. Census Bureau

"The Bulk of Public Pension Benefit Funding is NOT Shouldered by Taxpayers – investment earnings make up 60% of public pension plan revenues."

Confronting Pension Envy

National Institute on Retirement Security, November 2009, webinar, www.nirsonline.org

"83% of Americans are concerned about their ability to achieve a secure retirement"

A Better Bang for the Buck

National Institute on Retirement Security, August 2008, www.nirsonline.org

"The embedded economic efficiencies of DB plans make them nearly half the cost of DC plans, or a 46 percent cost savings."

Economic Impacts of Michigan's Municipal Employee Retirement System & Office of Retirement Services

Wayne State University, Center for Urban Studies, February 2010

"The impacts from MERS DB, MERS DC, ORS DB and ORS DC yielded roughly \$6.44 billion in Gross Regional Output at the state level. This is estimated to support 57,291 jobs throughout the state of Michigan."

State and Local Government Retiree Benefits, Current Funded Status of Pension and Health Benefits

United States Government Accountability Office, Report to the Committee on Finance, U.S. Senate, January 2008

"State and local government pension plans have enough invested resources set aside to keep up with the benefits they are scheduled to pay over the next several decades."

Pensions are a Proven System

American Federation of State, County and Municipal Employees, www.afscme.org

"81 of the Fortune 100 companies offer a traditional pension plan, as do 360 of the Fortune 500 companies."

Fall 2010 401(K) Retirement Readiness Study

PR Newswire, Nyhart actuarial and employee benefits consulting firm, December 1, 2010

"81% of employees 18 or older will not be able to afford to retire by the age of 65."

Out of Balance? Comparing Public and Private Sector Compensation Over 20 Years

Center for State and Local Government Excellence and National Institute on Retirement Security, April 28, 2010

"28% of state and local workers are not eligible for Social Security."

Retirement Income Preparation and Future Prospects

Employee Benefit Research Institute, July 2010, www.ebri.org

"47.2% of Early Baby Boomers at risk of not having sufficient retirement resources to pay for basic retirement expenditures and uninsured health care costs"

TABLE 7
ALLOWANCES BEING PAID RETIREES AND BENEFICIARIES
DECEMBER 31, 2009
TABULATED BY TYPE OF BENEFIT BEING PAID

Monthly Benefits	All Retired Members	Type of Benefit					
		1	2	3	4	5	6
\$ 0 - 199	1,665	1,083	32	22	443	85	0
200 - 399	3,047	2,067	93	61	670	147	9
400 - 599	2,863	1,963	138	47	582	117	16
600 - 799	2,357	1,715	119	44	374	98	7
800 - 999	2,025	1,569	111	45	218	74	8
1000 - 1199	1,658	1,295	94	29	178	58	4
1200 - 1399	1,451	1,140	91	32	149	35	4
1400 - 1599	1,340	1,131	48	17	119	24	1
1600 - 1799	1,154	979	49	21	82	22	1
1800 - 1999	1,042	904	23	12	81	19	3
2000 & Over	6,328	6,005	75	30	156	56	6
Totals	24,930	19,851	873	360	3,052	735	59
Total Monthly Benefits	\$35,298,141	\$31,091,470	\$893,561	\$347,383	\$2,288,934	\$618,605	\$58,188

Type of Benefit

1. Normal Retirement for age and service
2. Non-Duty Disability*
3. Duty Disability*
4. Beneficiaries
5. Non-Duty Death
6. Duty Death

* At age 60, these benefit types are converted to Type 1, normal retirement for age and service.